



# PUBLIC NOTICE

Federal Communications Commission  
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**DA 01-2814**  
**Released: December 3, 2001**

## **COMMISSION SEEKS COMMENT ON APPLICATION FILED BY NEVD HOLDINGS, LLC (“NEVD”), FOR TRANSFER OF CONTROL TO CONVERSENT HOLDINGS, INC.**

### **PLEADING CYCLE ESTABLISHED**

#### **CC Docket No. 01-314**

On October 18, 2001, NEVD Holdings, LLC (“NEVD”), and M/C Venture Partners V, L.P. (“M/C V”) filed an application requesting authority pursuant to section 214 of the Communications Act of 1934, as amended (“the Act”), 47 U.S.C. § 214, and Section 63.01 of the Commission’s Rules to complete a transfer of corporate control.<sup>1</sup> On November 5, 2001, NEVD, together with M/C V, M/C Venture Investors LLC and Chestnut Venture Partners, L.P. (collectively, the “Investors”), filed an amended application.<sup>2</sup> Under the terms of the proposed transaction, as amended, NEVD would undergo a corporate reorganization by contributing the ownership of its operating subsidiaries to a newly-created entity, Conversent Holdings, Inc. (“Conversent”). Once completed, the Investors would make an equity investment in Conversent in exchange for approximately 35 percent of the voting power of Conversent on a fully-diluted basis. With this equity ownership, the Investors would have the right to nominate two directors to Conversent’s five-member Board of Directors. NEVD would have the right to appoint the remaining three directors, one of whom will be subject to Investors’ approval, which approval may not be unreasonably withheld. As part of this transaction, the Investors would obtain certain approval rights over a variety of corporate matters, including Conversent’s annual budget and any

<sup>1</sup> See Application for Authority under Section 214 of the Communications Act of 1934, as amended, for *pro forma* Transfer of Control of a Common Carrier Providing Domestic Interstate Service, CC Docket No. 01-314 (filed October 18, 2001) (NEVD Application).

<sup>2</sup> See Amended Application for Authority under Section 214 of the Communications Act of 1934, as amended, for a transfer of Control of a Common Carrier Providing Domestic Interstate Service, CC Docket No. 01-314 (filed November 5, 2001) (Amended Application).

changes to senior management. Finally, beginning four years after the consummation of the transaction, Investors will, at specified times, have the right to exercise voting control over the Board of Directors so as to enable the Investors to effectuate a sale of Conversent if Conversent has not theretofore been sold.

NEVD is a Rhode Island limited liability company. It is the holding company for a number of direct and indirect subsidiaries that provide a variety of communications services, including local exchange, long distance, international, and data services to customers in the Mid-Atlantic and New England regions. Conversent will be formed as a Delaware corporation. It currently does not have any subsidiaries, and does not provide any telecommunications services.

The Investors are a group of related private equity firms. The general partner of M/C V is M/C VP V LLC. The managers of M/C VP V LLC are James F. Wade, Peter H.O. Claudy, David D. Croll, and Matthew J. Rubins. The general partner of Chestnut Venture Partners, L.P. is Chestnut Street Partners, Inc. David D. Croll is president and 100 percent shareholder of Chestnut Street Partners, Inc. The managers of M/C Investors Venture LLC are James F. Wade, Peter H.O. Claudy, and David D. Croll.

NEVD and the Investors propose to effectuate a two-step transaction. In step one, NEVD would convert to a corporation by contributing the ownership of its subsidiaries to Conversent. In exchange, NEVD would receive capital stock in Conversent. Therefore, the ultimate ownership and control of NEVD's current direct and indirect subsidiaries would remain unchanged as a result of step one of the proposed transactions.

Conversent would issue new preferred stock to the Investors. Following this investment and on a fully-diluted basis, voting equity of Conversent would be held as follows: NEVD, approximately 50 percent (the exact percentage will be slightly in excess of 50 percent); the Investors, approximately 35 percent; and various individuals, including managers and employees of the Conversent entities, approximately 15 percent.

Various operating subsidiaries of NEVD are authorized to provide domestic interstate services pursuant to Section 63.01 of the Commission's Rules, 47 C.F.R. § 63.01.<sup>3</sup> NEVD's operating subsidiaries currently provide local exchange, long distance, international, and data services to customers in the Mid-Atlantic and New England region.<sup>4</sup> NEVD and the Investors assert that the proposed transaction will serve the public interest, convenience, and necessity because the proposed transaction involves no change in the entity providing service to customers nor does it propose any change to the terms and conditions of such service.<sup>5</sup>

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<sup>3</sup> Id. at 2.

<sup>4</sup> Id. at 3. Applicants have filed a separate application with the International Bureau pursuant to Rule 63.18(e)(3) to transfer control of international section 214 authorizations held by NEVD subsidiaries.

<sup>5</sup> Id. at 4.

## DOMESTIC SECTION 214 APPLICATION

### Part 63 – Domestic Service (47 C.F.R. § 63.01)

NEVD Holdings, LLC and M/C Venture Partners V, L.P., request authorization for transfer of control.

### GENERAL INFORMATION

The transfer of control request identified herein has been found, upon initial review, to be acceptable for filing. The Commission reserves the right to return any transfer of control application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Interested parties may file petitions to deny within 30 days following the release of this Public Notice.<sup>6</sup> Final action will not be taken on the applications earlier than 31 days following the date of this Public Notice.<sup>7</sup>

All filings concerning any or all matters in this Public Notice should refer to **CC Docket No. 01-314**. An original and 4 copies of all pleadings, in accordance with Section 1.51(c) of the Commission's rules, 47 C.F.R. § 1.51(c), must be filed with the Commission's Secretary, Magalie Roman Salas, 445 12<sup>th</sup> Street, S.W., TW-B204, Washington, D.C. 20554. In addition, one copy of each pleading must be delivered to each of the following: (1) Qualex International, Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C., 20554, telephone (202) 863-2893, facsimile (202) 863-2898; (2) Janice Myles, Common Carrier Bureau, 445 12<sup>th</sup> Street, S.W., 5-B145, Washington, D.C. 20554; (3) Nandan Joshi, Office of General Counsel, 445 12<sup>th</sup> Street, S.W., 8-A820, Washington, D.C. 20554; (4) William Dever, Common Carrier Bureau, 445 12 Street, S.W., 5-C266, Washington, D.C. 20554.

In addition to filing paper pleadings, parties may also file pleadings using the Commission's Electronic Comment Filing System (ECFS). *See* Electronic Filing of Documents in Rulemaking Proceedings, 63 Fed. Reg. 24,121 (1998). Pleadings filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers

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<sup>6</sup> *See, e.g.*, 47 C.F.R. § 63.52(c).

<sup>7</sup> *See* 47 C.F.R. § 63.52(b).

appear in the caption of this proceeding, however, filers must transmit one electronic copy of the pleading to each docket or rulemaking number. Parties may also submit an electronic pleading by Internet e-mail. To obtain filing instructions for e-mail pleadings, filers should send an e-mail to [ecfs@fcc.gov](mailto:ecfs@fcc.gov), and include the following words in the body of the message, “get form <your e-mail address>.” A sample form and directions will be sent in reply. This document may also be purchased from the Commission's duplicating contractor, Qualex International, Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C., 20554, telephone (202) 863-2893, facsimile (202) 863-2898, or via e-mail [qualexint@aol.com](mailto:qualexint@aol.com).

For further information, contact Tracey Wilson, at (202) 418-1394 or Bill Dever, Policy and Program Planning Division, Common Carrier Bureau at (202) 418-1578.